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July 18, 2006

Gary K. Dillard
Executive Vice President
Millennium Energy, Inc.
P. O. Box 1118
Bowling Green, KY 42102

CERTIFICATE OF SERVICE

RE: Case No. 2006-00338
Millennium Energy, Inc.

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on July 18, 2006.

Executive Director

BOD/jc
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST)	
ADJUSTMENT FILING OF)	CASE NO. 2006-00338
MILLENNIUM ENERGY, INC.)	

ORDER

On December 2, 1999, in Case No. 1999-00312, the Commission approved rates for Millennium Energy, Inc. (“Millennium”) and provided for their further adjustment in accordance with Millennium’s gas cost adjustment (“GCA”) clause.¹

On July 5, 2006, Millennium filed its proposed GCA to be effective August 1, 2006.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Millennium’s notice includes revised rates designed to pass on to its customers its expected change in gas costs.
2. Millennium’s notice sets out an expected gas cost (“EGC”) of \$7.4346 per Mcf. Millennium did not adjust for its line loss, which is greater than the 5 percent maximum loss allowed by the Commission. Correcting for the line loss produces an EGC of \$7.2217 per Mcf, which is a decrease of \$4.2067 per Mcf from its previous EGC of \$11.4284.

¹ Case No. 1999-00312, Petition of Millennium Energy, Inc. for Approval of an Initial Rate Schedule for Serving Customers from an Existing Gas Supply Line, Order dated December 2, 1999.

3. Millennium's notice sets out no refund adjustment.

4. Millennium's notice sets a current quarter actual adjustment ("AA") of 31.95 cents per Mcf. Millennium used an incorrect sales figure in its calculation for the April 2006 unit cost of gas. Correcting for this error produces a current quarter AA of 15.62 cents per Mcf. Millennium's total AA is \$2.9959 per Mcf, which is 12.19 cents per Mcf more than the previous total AA.

5. Millennium's notice sets out a current quarter balance adjustment ("BA") of (7.86) cents per Mcf. Millennium's total BA is (10.55) cents per Mcf, which is 7.59 cents per Mcf less than the previous total BA.

6. Millennium's GCA is \$10.1121 per Mcf, which is \$4.1607 per Mcf less than the previous rate of \$14.2728.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Millennium on and after August 1, 2006.

IT IS THEREFORE ORDERED that:

1. Millennium's proposed rates are denied.

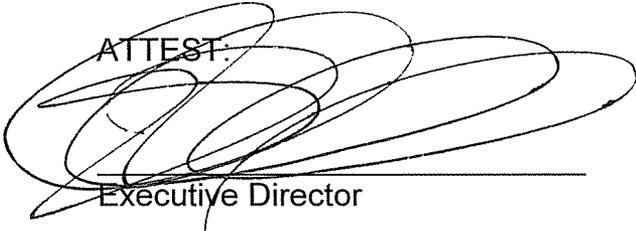
2. The rates in the Appendix to this Order are approved for service rendered on and after August 1, 2006.

3. Within 20 days of the date of this Order, Millennium shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 18th day of July, 2006.

By the Commission

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2006-00338 DATED July 18, 2006.

The following rates and charges are prescribed for the customers served by Millennium Energy, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

Residential

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge	\$6.00		\$6.00
All Mcf	\$4.00	\$10.1121	\$14.1121

Commercial and Industrial

Customer Charge	\$20.00		\$20.00
All Mcf	\$ 3.00	\$10.1121	\$13.1121